

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>		Printed Name		License Number

**DEXTER VILLAGE  
LOCAL DEVELOPMENT  
FINANCE AUTHORITY**  
Washtenaw County, Michigan

**FINANCIAL STATEMENTS**  
February 28, 2007

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of the  
Dexter Village Local Development Finance Authority  
Dexter, Michigan

We have audited the accompanying basic financial statements of the Local Development Finance Authority of the Village of Dexter (a component unit of the Village of Dexter) as of February 28, 2007 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Local Development Finance Authority of the Village of Dexter, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Local Development Finance Authority of the Village of Dexter, Michigan as of February 28, 2007 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As of February 28, 2007 the Local Development Finance Authority of the Village of Dexter has abolished its existence. These are the final financial statements of the Authority.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that the management's discussion and analysis is necessary to supplement, although is not required to be a part of, the basic financial statements.

*Berthiaume & Co.*

July 2, 2007

## ***BASIC FINANCIAL STATEMENTS***

**DEXTER VILLAGE LOCAL DEVELOPMENT FINANCE AUTHORITY**

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**GOVERNMENTAL FUNDS BALANCE SHEET/  
STATEMENT OF NET ASSETS**

February 28, 2007

	<i>Governmental Fund</i>	<i>Adjustments (Note 1)</i>	<i>Statement of Net Assets</i>
<b>Assets</b>			
Cash and equivalents	\$ -	\$ -	\$ -
Due from other governmental unit	-	-	-
Total assets	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
Due to other governmental units	-	-	-
Noncurrent liabilities:			
Due within one year	-	-	-
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance/net assets</b>			
Net assets – unrestricted	<u>-</u>	<u>-</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	

*The accompanying notes are an integral part of these financial statements.*

**DEXTER VILLAGE LOCAL DEVELOPMENT FINANCE AUTHORITY**

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**STATEMENT OF GOVERNMENTAL FUND REVENUE,  
EXPENDITURES, AND CHANGES IN FUND BALANCE/  
STATEMENT OF ACTIVITIES**

Year Ended February 28, 2007

	<i>Governmental Fund</i>	<i>Adjustments (Note 1)</i>	<i>Statement of Net Assets</i>
<b>Revenues</b>			
Interest income	\$ 13,700	\$ -	\$ 13,700
Total revenues	13,700	-	13,700
<b>Expenditures</b>			
Property taxes reverted to other taxing jurisdictions	365,654	-	365,654
Legal and professional	3,000	-	3,000
Other administrative	1,800	-	1,800
Debt Service:			
Principal	490,000	490,000	-
Interest	12,250	-	12,250
Fees	150	-	150
Total expenditures	872,854	490,000	382,854
Excess (deficiency) of revenues over expenditures/change in net assets	(859,154)	490,000	369,154
Fund balance/net assets, beginning of year	859,154	(490,000)	369,154
Fund balance/net assets, end of year	\$ -	\$ -	\$ -

*The accompanying notes are an integral part of these financial statements.*

# **DEXTER VILLAGE LOCAL DEVELOPMENT FINANCE AUTHORITY**

## *GOVERNMENTAL FUND*

### **BUDGETARY COMPARISON STATEMENT**

Year Ended February 28, 2007

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Favorable (Unfavorable)</i>
<b>Revenues</b>				
Interest	\$ -	\$ -	\$ 13,700	\$ 13,700
Total revenues	-	-	13,700	13,700
<b>Expenditures</b>				
Property taxes reverted to other taxing jurisdictions	-	-	365,654	(365,654)
Administration, legal and audit	-	-	4,800	(4,800)
Debt Service:				
Debt principal	-	-	490,000	(490,000)
Debt interest	-	-	12,250	(12,250)
Debt service fees	-	-	150	(150)
Total expenditures	-	-	872,854	(872,854)
Excess of revenues over (under) expenditures	-	-	859,154	(859,154)
Fund balance, beginning of year	859,154	859,154	859,154	
Fund balance, end of year	\$ 859,154	\$ 859,154	\$ -	\$ (859,154)

*The accompanying notes are an integral part of these financial statements.*



# **DEXTER VILLAGE LOCAL DEVELOPMENT FINANCE AUTHORITY**

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## **NOTES TO FINANCIAL STATEMENTS**

February 28, 2007

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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These are the Final Financial Statements of the Local Development Finance Authority of the Village of Dexter (LDFA). The LDFA Board of Directors and the Dexter Village Council has approved abolishing the LDFA's existence effective with these Final Financial Statements dated February 28, 2007.

The Dexter Village Local Development Finance Authority (LDFA) was formed by resolution of the Village Council May 26, 1987. The Village of Dexter created and abolished the LDFA by the authority of Act 281, Public Acts of Michigan, 1986.

The purpose of the LDFA was to promote the economic growth of the Village.

During its existence the LDFA, in conjunction with a related Tax Increment Finance Plan, captured property taxes on certain property improvements in the Dexter Business and Research Park. Tax revenues collected by the LDFA on these properties within its boundaries were used to service various loans or bond issues, the proceeds of which were used by the Village for infrastructure improvements at the Dexter Business and Research Park.

The accounting policies of the Dexter Village Local Development Finance Authority conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

#### **(a) THE REPORTING ENTITY**

The Authority has adopted the position of the Government Accounting Standards Board regarding the definition of the reporting entity and component units.

The LDFA has had numerous transactions involving the Village of Dexter relative to the Construction of the Dexter Industrial Park, sale of lots in the industrial park and bond issue matters. The Village of Dexter, in this connection, has pledged its backing on the LDFA Long-Term Debt. See related note concerning Long-Term Debt.

The LDFA's basic financial statements present combined governmental fund modified accrual financial statements and government-wide full accrual financial statements. As of and for the year ended February 28, 2007, adjustments were made to the amounts in the governmental fund for long-term debt and related accrued interest in order to arrive at the government-wide full accrual financial statements. The LDFA has elected to not present a management's discussion and analysis.

The LDFA is a component unit of the Village of Dexter, Michigan and is included in the basic financial statements of the Village at February 28, 2007 as a discretely presented component unit.

#### **(b) BASIS OF ACCOUNTING**

The accounting policies of the LDFA conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. There are no component units required to be included in these financial statements.

**NOTES TO FINANCIAL STATEMENTS, continued**

February 28, 2007

The government-wide accrual financial statements (the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. The LDFA ceased the capture of property taxes with the 2004 tax year because the fund balance was sufficient to pay off the long-term debt and the purposes of the LDFA have been accomplished. For the purpose of the government-wide financial statements, the LDFA reports a liability for the outstanding debt which will be repaid in future periods. A significant portion of the LDFA's activities in previous years related to investments in infrastructure that are the property of and are reported as an asset in the basic financial statements of the Village of Dexter, Michigan rather than in the LDFA's financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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**NOTE 2 – BUDGET INFORMATION**

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The LDFA Board did not prepare or approve a budget for the year ended February 28, 2007.

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**NOTE 3 – DEPOSITS AND INVESTMENTS**

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**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the LDFA deposits may not be returned to them. The LDFA does not have a deposit policy for custodial credit risk. At year end, the LDFA had \$295,033 of bank deposits (certificates of deposit, checking, and savings accounts) of which \$100,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The financial statement balance is zero as of February 28, 2007 after considering outstanding checks/intransit items.

# **DEXTER VILLAGE LOCAL DEVELOPMENT FINANCE AUTHORITY**

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## **NOTES TO FINANCIAL STATEMENTS, continued**

February 28, 2007

### **Investments**

The LDFA is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial pa-per, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles. The LDFA had no investments during the year.

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### **NOTE 4 –LONG-TERM DEBT**

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The following is a summary of changes in the principal balance of long-term debt of the LDFA during the year ended February 28, 2007:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<b>Governmental Activities:</b>					
1999 LDFA Limited Tax G.O., Local Development Refunding Bonds (paid off 1991 Bonds)	\$ 490,000	\$ -	\$ 490,000	\$ -	\$ -
Total debt obligations	\$ 490,000	\$ -	\$ 490,000	\$ -	\$ -

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### **NOTE 5 – PROPERTY TAXES**

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The Dexter Village LDFA is authorized to capture certain tax levies of other governmental units on properties within the LDFA district. A "floor" of \$30,000 of real property value and \$832,600 of personal property value is not captured by the LDFA. Also, the LDFA does not capture the various "debt" levies of the other governmental units. In addition, and as a result of Proposal A, the capture of school taxes is limited to the amount required to service pre-Proposal A LDFA debt obligations.

The Dexter Village LDFA elected to cease the capture of property taxes in 2005. The LDFA reports no property tax revenue for the year ended February 28, 2007.

On February 28, 2007, because of the abolishment of its existence, the LDFA returned the remaining balance of monies previously derived form the capture of property taxes levied by other governmental units/taxing jurisdictions.

The property taxes were reverted proportionately to the tax levies of the other taxing jurisdictions in accordance with Section 13(2) of the Local Development Finance Act 281 of 1986 as follows:

Village of Dexter	\$ 203,260
Washtenaw County	86,144
Washtenaw Community College	52,993
Scio Township	16,279
Dexter Library	6,978
	<u>\$ 365,654</u>